



SNAKE RIVER ALLIANCE

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IDAHO PUBLIC
UTILITIES COMMISSION

August 15, 2014

To: Idaho Public Utilities Commission

From: Ken Miller, Clean Energy Program Director, Snake River Alliance

Re: Snake River Alliance Comments In the Matter of the Application of Avista Corporation to Initiate Discussions with Interested Parties on an Extension of the Existing Rate Plan, Case No. AVU-E-14-05 and Case No. AVU-G-14-01.

On behalf of our members throughout Avista Utilities' Idaho service area, the Snake River Alliance appreciates the opportunity to provide its comments on the Stipulation and Settlement in the above-referenced cases, filed with the Commission on July 15, 2014.

Introduction

The Snake River Alliance ["Alliance"] is a Party in this case, and as such participated in the processes that culminated in this Stipulation and Settlement before the Commission. The Alliance participated in a settlement conference on June 25, 2014, that resulted in agreement that a Settlement was an expedient and reasonable resolution to these cases. Despite some procedural concerns raised by the Alliance during that conference and as more thoroughly described below, the Alliance is in agreement with all Parties that the Settlement was a favorable outcome in these cases.

The Stipulation and Settlement

As do other Parties, the Alliance recommends that the Commission approve the joint Stipulation and its terms and conditions pursuant to Commission Rules 271-280. We believe an additional year stay-out for a general rate case application through January 2016 is in the public interest and is a fair, just and reasonable compromise of the issues raised during the June 25, 2014, settlement conference, and that the Stipulation and Settlement, if approved by the Commission, is in the best interest of Avista customers in that it extends the current rate freeze for another year. The rate freeze properly does not include pre-2016 rate adjustments due to such things as routine Power Cost Adjustments or Purchased Gas Cost Adjustments that would be processed in separate dockets.

Despite the expiration of the BPA Credit [electric] and the PGA Deferral Credit [gas], the Agreement is rate-neutral due to other credits or rebates that will replace those credits. The Alliance also supports terms of the Settlement that would return to customers 50 percent of any earnings in excess of the current 9.8 percent return on equity.

In addition, we support the agreement contained in the Stipulation between Avista and the Community Action Partnership of Idaho to explore funding and related issues specific to Avista's low-income customers – including potential rate design implications for these customers. The schedule for that procedure – a meeting of Parties prior to October 1 and a decision on the need for a formal case by December 1 – is reasonable.

The Process

The Alliance appreciates the good faith efforts and the spirit of cooperation among all Parties evident throughout the processing of these two dockets.

While we fully support the Settlement as filed with the Commission for reasons outlined above, and while swift resolution of these cases spares all Parties, customers, and the Commission itself the burden and costs of litigating a prolonged general rate case, it will not come as a surprise to the Commission that the Alliance has ongoing concerns with certain aspects of the way a case such as this is recommended for settlement. The Alliance has raised these concerns in past dockets not limited to Avista:

- Application of Idaho Power Company for an Accounting Order to Amortize Additional Accumulated Deferral Income Tax Rates And An Order Approving a Rate Case Moratorium [IPC-E-09-30]. In this case and in Order No. 30978, the Commission took notice of comments by the Alliance and by Idaho Conservation League questioning the procedural handling of the case in acknowledging it was “unusual” but not “inadequate or improper” [Order No. 30978, P. 7]. The Commission also said [P. 7-8], “We encourage the Company, Staff and others to be inclusive in future discussions and will not hesitate to require full evidentiary hearings if we deem it necessary to achieve broad participation.”
- Rocky Mountain Power's 2013 Application to Initiate Discussions With Interested Parties on Alternative Rate Plan Proposals [PAC-E-13-04]. The Alliance intervened in that case only after it learned that *negotiations were already under way* and that the Applicant decided which entities to invite to those negotiations. In our comments, the Alliance [which supported the settlement agreement] expressed its concerns not about the ends, but about the means:

“As a signee to the settlement agreement and a party in this case, the Alliance finds itself in the unusual position of being a public policy advocate that participated and agreed to a settlement but due to Commission rules dealing with settlement negotiations cannot adequately explain to its membership why it agreed to the settlement. The alternative – not participating in negotiations – is not one that is realistic for an organization that represents public interests in electric regulatory cases such as this.”

The issue of public participation opportunities in cases such as this remains a matter of concern and frustration. The Alliance understands the Commission in Order No. 33051 on June 11 formally notified the public and interested parties of Avista's intent to initiate settlement discussions pursuant to Rule 273. The Alliance is a member-based advocacy organization, and many of its members rely on the Alliance to represent their concerns and interests in certain cases before the Commission, and the Commission has been generous in allowing the Alliance to do so to the extent permitted under Commission rules.

However, it is also understandable that utility customers express concern with a process that essentially resolves a rate case such as this without benefit of public review. The Commission received two public comments in this case. We worry that the lack of greater public participation opportunities leaves many customers with the impression that private settlement negotiations disadvantages utility customers who

are disallowed from meetings that led to an eventual settlement and recommendations for Commission approval.

We are not in a position to recommend at this point a remedy to what we view as a trend in which more utility dockets, including rate cases, are processed in this fashion. It is awkward if not very difficult to try to assure our members and others that we believe this agreement is in everyone's best interest when they don't have the benefit of understanding what led to the Settlement or what issues were involved in compromises among Parties. We absolutely understand that a process such as this with confidential settlement negotiations is permitted by Commission rules, and the Alliance signed a protective agreement to participate as a Party in this case in part because the alternative would be to have no voice in its resolution.

Conclusion

The Alliance appreciates the extraordinary amount of effort that Avista and Parties put into reaching the Stipulation and Settlement in this docket and we fully support the Settlement as in the best interests of Avista customers. We continue to be concerned about how dockets such as this are processed, although those concerns are more systemic, not limited to this case, and certainly do not justify opposing what we view as a good outcome for all Parties and stakeholders in AVU-E-14-05 and AVU-G-14-01.

Respectfully submitted,



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Hand Delivered

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